

## Message Text

CONFIDENTIAL

PAGE 01 STATE 265148

71-62

ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 L-03 TRSE-00 COME-00 CIEP-01

STR-04 AID-05 H-02 CIAE-00 FRB-03 INR-07 NSAE-00

USIA-06 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01

NSC-05 SS-15 CEA-01 PA-01 PRS-01 /081 R

DRAFTED BY EB/IFD/OIA:TRBRODERICK

APPROVED BY EB/IFD/OIA:RJSMITH

L/EB:SBOND (SUBS)

ARA/APU:GFELDER

L/ARA:DGANTZ (INFO)

EB/ITP/OT/GCP:MGOLDMAN (SUBS)

ARA/ECP:RSTERN (INFO)

TREASURY:PDAVIS (SUBS)

COMMERCE:DARRILL (SUBS)

CIEP:GKAMENS (INFO)

STR:TGRAHAM (INFO)

AID/GC:WWARREN (SUBS)

----- 057132

P 080120Z NOV 75

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES PRIORITY

C O N F I D E N T I A L STATE 265148

E.O. 11652:GDS

TAGS: EINV

SUBJECT: EXPROPRIATED U.S. PROPERTY AND ELIGIBILITY FOR  
GENERALIZED PREFERENCES (GSP)

REFS: (A) STATE A-10523 (DEC. 28, 1973); (B) STATE 253430;  
(C) STATE 237224;

1. INTERAGENCY COMMITTEE CONSIDERING RECOMMENDATIONS TO  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 265148

THE PRESIDENT CONCERNING COUNTRY ELIGIBILITY FOR GSP UNDER

THE EXPROPRIATION PROVISION (SEC. 502(B)(4)) OF THE TRADE ACT OF 1974 HAS NOT YET COMPLETED IT REVIEW OF A NUMBER OF "GRAY-AREA" COUNTRIES, INCLUDING ARGENTINA, AND WILL BE RECONSIDERING THE CONTINUED ELIGIBILITY OF SUCH COUNTRIES BEFORE THE PLANNED TIME FOR IMPLEMENTATION OF GSP ON JANUARY 1, 1976. IF APPROPRIATE, WE WILL RECOMMEND NECESSARY CHANGES TO THE LIST OF ELIGIBLE BENEFICIARIES AT THAT TIME.

2. THE GROUP REALIZES THAT SOME STEPS IN THE DIRECTION OF A SETTLEMENT OF THE NATIONALIZATION CASES WERE TAKEN IN THE PERIOD WHEN GOMEZ MORALES WAS MINISTER OF FINANCE. AGREEMENT IN SUBSTANCE WAS REACHED WITH FIRST NATIONAL CITY BANK AND MORGAN GUARANTY, A MODUS VIVENDI WAS REACHED PERMITTING THE OIL COMPANIES TO CONTINUE OPERATING IN THE BLACK, AND A COMMISSION WAS SET UP TO NEGOTIATE WITH ITT. THE GROUP ALSO APPRECIATES THE FACT THAT THE POLITICAL TURMOIL IN ARGENTINA FROM JUNE TO SEPTEMBER MADE ANY FURTHER PROGRESS DIFFICULT. THE ASSURANCES RECENTLY GIVEN IN WASHINGTON BY GUIDO DI TELLA AS TO ECONOMIC MINISTER CAFIERO'S PLANS FOR THE SETTLEMENT OF THE CASES INVOLVING US FIRMS WERE VERY ENCOURAGING. THE FACT REMAINS, HOWEVER, THAT A YEAR HAS PASSED--IN SOME CASES A YEAR AND ONE-HALF--SINCE THE NATIONALIZATION OF THE US FIRMS IN QUESTION WAS DECREED, BUT NO COMPENSATION HAS BEEN RECEIVED BY ANY OF THE FIRMS AS YET. IT WILL BE DIFFICULT TO SUSTAIN A DETERMINATION THAT ARGENTINA IS TAKING STEPS TO DISCHARGE ITS INTERNATIONAL OBLIGATIONS AS REQUIRED BY SEC. 502(B)(4)(D)(II) OF THE ACT UNLESS SIGNIFICANT PROGRESS TOWARD SETTLEMENT OF OUTSTANDING CASES IS MADE PRIOR TO OUR DECEMBER REVIEW. ILLUSTRATIVE INTERIM STEPS BY THE GOA MIGHT INCLUDE THOSE SUGGESTED BY DI TELLA AND REPORTED REF C. WE NOTE, HOWEVER, THAT A MONTH HAS PASSED SINCE THESE ASSURANCES WERE RECEIVED, WITH LITTLE PROGRESS TO DATE.

3. IF WE WERE UNABLE TO SUSTAIN SUCH A DETERMINATION, ARGENTINA WOULD LOSE ITS ELIGIBILITY FOR GSP UNLESS THE PRESIDENT INVOKED A "NATIONAL ECONOMIC INTEREST" WAIVER. WE HAVE NOT YET CONSIDERED WHETHER SUCH WAIVER WOULD BE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 265148

FEASIBLE OR APPROPRIATE FOR ARGENTINA.

4. EMBASSY SHOULD ALSO BE AWARE OF SIMILAR LEGISLATION CALLING FOR THE USG TO SUSPEND BILATERAL ASSISTANCE, AND TO VOTE NEGATIVELY ON LOANS UNDER CONSIDERATION IN INTERNATIONAL DEVELOPMENT BANKS, TO COUNTRIES WHICH EXPROPRIATE AMERICAN PROPERTY IN VIOLATION OF INTERNATIONAL LAW (THE HICKENLOOPER AND GONZALEZ AMENDMENTS,

RESPECTIVELY). THERE IS NO EXPRESS OR AUTOMATIC LINKAGE BETWEEN THE THREE PROVISIONS (AND THE GONZALEZ AMENDMENT HAS NO "NATIONAL INTEREST" OR "NATIONAL ECONOMIC INTEREST" WAIVER, AS DO HICKENLOOPER AND 502(B)(4), RESPECTIVELY), BUT THERE ARE SIMILARITIES IN LANGUAGE AND INTENTION. AN ADVERSE FINDING UNDER 502(B)(4) WOULD AS A PRACTICAL MATTER INCREASE THE LIKELIHOOD THAT THE USG WOULD APPLY HICKENLOOPER. IT IS ALMOST CERTAIN THAT THE USG WOULD APPLY GONZALEZ IN THESE CIRCUMSTANCES.

5. TO PUT THE GOA ON NOTICE OF POSSIBLE TERMINATION OF GSP ELIGIBILITY, AND TO ENCOURAGE STEPS RESULTING IN SIGNIFICANT PROGRESS TOWARD SETTLEMENT BEFORE ANY SUCH DECISION IS MADE, EMBASSY SHOULD MAKE FOLLOWING POINTS TO APPROPRIATE GOA OFFICIALS:

A. WE HAVE RECENTLY BEEN CONDUCTING A REVIEW OF COUNTRY ELIGIBILITY FOR GSP UNDER THE EXPROPRIATION PROVISION OF THE TRADE ACT OF 1974. FOR THE TIME BEING, WE HAVE CONCLUDED THAT ARGENTINA SHOULD RETAIN ITS STATUS AS AN ELIGIBLE BENEFICIARY DEVELOPING COUNTRY.

B. WE WILL, HOWEVER, BE RECONSIDERING THE ELIGIBILITY OF A NUMBER OF COUNTRIES, INCLUDING ARGENTINA, BEFORE THE PLANNED TIME FOR IMPLEMENTATION OF GSP ON JANUARY 1, 1976, AND, IF APPROPRIATE, WILL MAKE NECESSARY CHANGES TO THE LISTS OF ELIGIBLE BENEFICIARIES AT THAT TIME.

C. IN PARTICULAR, IT WILL BE DIFFICULT TO SUSTAIN A DETERMINATION THAT ARGENTINA IS TAKING STEPS TO DISCHARGE ITS OBLIGATIONS TO U.S. PROPERTY OWNERS UNDER INTERNATIONAL LAW AS REQUIRED BY THE ACT UNLESS THE GOA TAKES STEPS

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 265148

SOON RESULTING IN SIGNIFICANT PROGRESS TOWARD SETTLEMENT OF OUTSTANDING AMERICAN CLAIMS. SUCH STEPS MIGHT INCLUDE THOSE WHICH THE GOA HAS ALREADY INDICATED TO USG THAT IT INTENDS TO TAKE TO RESOLVE THESE CASES.

D. IF WE WERE UNABLE TO SUSTAIN SUCH A DETERMINATION, ARGENTINA COULD BE EXPECTED TO LOSE ITS ELIGIBILITY FOR GSP. IN ADDITION, THE GOA SHOULD BE AWARE OF SIMILAR LEGISLATION CALLING FOR THE USG TO SUSPEND BILATERAL ASSISTANCE, AND TO VOTE NEGATIVELY ON LOANS UNDER CONSIDERATION IN INTERNATIONAL DEVELOPMENT BANKS, TO COUNTRIES WHICH EXPROPRIATE AMERICAN PROPERTY WITHOUT DISCHARGING

THEIR OBLIGATIONS TO U.S. CITIZENS UNDER INTERNATIONAL LAW (THE HICKENLOOPER AND GONZALEZ AMENDMENTS, RESPEC-

TIVELY). GIVEN THE SIMILARITIES BETWEEN THESE PROVISIONS IN LANGUAGE AND INTENTION, AN ADVERSE FINDING UNDER 502 (B)(4) WOULD MAKE IT DIFFICULT TO AVOID TAKING THE REQUISITE ACTION UNDER HICKENLOOPER AND GONZALEZ.

E. WE ARE HOPEFUL THAT SIGNIFICANT PROGRESS WILL BE MADE SOON TOWARD RESOLVING OUTSTANDING AMERICAN CLAIMS IN ARGENTINA.

6. FOR THE EMBASSY'S INFORMATION, GENERAL GUIDANCE ON USG VIEW OF REQUIREMENTS OF INTERNATIONAL LAW WITH

RESPECT TO EXPROPRIATED PROPERTY, AND ON POST'S ROLE IN HANDLING INVESTMENT DISPUTES, PREVIOUSLY PROVIDED REF A.

7. F.Y.I. FOR AMBASSADOR. USG DOES NOT WISH TO PROVOKE A CONFRONTATION WITH THE GOA OVER THIS EXPROPRIATION ISSUE. WE DO, HOWEVER, HAVE U.S. LAWS RELATED TO EXPROPRIATION, AND IN ORDER TO MEET THESE PROVISIONS IT IS IMPORTANT THAT WE ARE ABLE TO DEMONSTRATE FORWARD PROGRESS SOON. WE WOULD APPRECIATE YOUR HELP IN IMPRESSING UPON THE GOA THE IMPORTANCE OF MOVING FORWARD, ESPECIALLY IN THE NEXT FEW WEEKS. AS YOU ARE AWARE PER REF B, DEPARTMENT HAS ALREADY MADE AVAILABLE TO AMBASSADOR VAZQUEZ AN AIDE-MEMOIRE MAKING A NUMBER OF THE POINTS REFERRED TO ABOVE. END F.Y.I.  
CONFIDENTIAL

CONFIDENTIAL

PAGE 05 STATE 265148

8. PLEASE ADVISE RESULTS. KISSINGER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE LAW, NATIONALIZATION, GENERALIZED PREFERENCES (TARIFFS)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 NOV 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE265148  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** TRBRODERICK  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750388-0999  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19751162/aaaacdwwq.tel  
**Line Count:** 203  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE A-10523, 75 STATE 253430  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** greeneet  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 03 SEP 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <03 SEP 2003 by ellisoob>; APPROVED <18 DEC 2003 by greeneet>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EXPROPRIATED U.S. PROPERTY AND ELIGIBILITY FOR GENERALIZED PREFERENCES (GSP)  
**TAGS:** EINV, ETRD, US, AR  
**To:** BUENOS AIRES  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006